

# EXHIBIT C

***THIS TRANSMITTAL CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. PLEASE EXPEDITE RE-TRANSMITTAL TO SUCH BENEFICIAL OWNERS IN A TIMELY MANNER.***

**NOTICE TO THE HOLDERS OF NOTES ISSUED BY**

**SGS HY Credit Fund I (Exum Ridge 2006-3), Ltd. (the "Notes")**  
**CUSIP Numbers are attached on Exhibit D**  
(Notice Date: June 28, 2010)

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Reference is made to that certain Indenture dated as of June 25, 2006 (the "*Indenture*") by and between SGS HY Credit Fund I (Exum Ridge 2006-3), Ltd., Issuer (the "*Issuer*"), SGS HY Credit Fund I (Exum Ridge 2006-3), Corp., Co-Issuer (the "*Co-Issuer*") and U.S. Bank National Association, as Trustee (the "*Indenture Trustee*"). Any capitalized terms used herein and not otherwise expressly defined shall have the respective meanings assigned to such terms in the Indenture.

**The Indenture Trustee has received a reply (the "Reply") to the Derivatives Alternative Dispute Resolution Notice No. 157 ("*ADR Notice*") from Lehman Brothers Special Financing Inc.; the Indenture Trustee continues to seek the identity of Noteholders and participation, direction and instruction from Noteholders.**

Under the terms of the Indenture, the Issuer entered into a credit derivatives transaction with Lehman Brothers Special Financing Inc. as a counterparty, documented by that certain ISDA Master Agreement (Multicurrency - Cross Border) dated as of June 25, 2006 by and between Lehman Brothers Special Financing Inc. ("*LBSF*") and the Issuer (the "*Master Agreement*"), that certain Schedule to the Master Agreement dated as of June 25, 2006 between LBSF and the Issuer (the "*Schedule*"), and that certain Confirmation to the Issuer from LBSF dated June 25, 2006 (the "*Confirmation*" and collectively with the Master Agreement and Schedule, the "*Swap Transaction*").

Lehman Brothers Holdings Inc. ("*LBHI*") filed a voluntary petition seeking relief under Chapter 11 of 11 U.S.C. § 101 *et seq.* (the "*Bankruptcy Code*") on September 15, 2008. LBSF filed a voluntary petition under the Bankruptcy Code on October 3, 2008. Both of these proceedings are pending in the United States Bankruptcy Court for the Southern District of New York and are consolidated for administrative purposes under Case No. 08-13555. The Honorable James M. Peck presides over the proceedings. Information with respect to those proceedings may be found at <http://www.Lehman-Docket.com>.

As reported in our Notice dated May 3, 2010, the Indenture Trustee received an ADR Notice dated April 19, 2010 demanding a payment by the Issuer to LBSF in the amount of \$ ~~Relevant~~ consisting of \$ ~~Relevant~~ in a termination payment plus \$ ~~Relevant~~ in interest thereon. A copy of the ADR Notice is attached as *Exhibit C* to the May 3, 2010 Notice and has been posted on the

Indenture Trustee's website at <http://www.usbank.com/abs>. The Indenture Trustee filed a response to the ADR Notice on June 4, 2010, a copy of which is attached hereto as *Exhibit B*. The Indenture Trustee received the Reply from LBSF on June 18, 2010 stating, *inter alia*, that the matter was appropriate for mediation. A copy of the Reply is attached hereto as *Exhibit C*. As of this date, mediation has not been scheduled.

Pursuant to Section 5(b) of the ADR Order, the Indenture Trustee is again (a) providing you notice that LBSF made a demand for a termination payment plus interest thereon, (b) seeking the identity of all Noteholders in order to facilitate participation of Noteholders in the Derivatives ADR Procedures (as defined in the ADR Order) and to facilitate direct communications with LBSF regarding these matters, and (c) seeking direction and instruction from the Noteholders with respect to participation by the Indenture Trustee in the Derivative ADR Procedures. Further, as required by the ADR Order, the Indenture Trustee (a) invites you to participate in the Derivatives ADR Procedures as an alternative to litigation, (b) encourages you to communicate directly with the Debtors, and (c) consistent with Indenture and applicable law, offers to take your direction with regard to the ADR Notice. Contacts for LBSF and its counsel may be found in the Reply.

**The Indenture Trustee needs your input and direction with respect to the mediation. In order to facilitate participation, communication, direction and instruction in connection with the ADR Procedures, please complete a Certificate of Beneficial Interest in the form attached hereto as *Exhibit A* and return it to the Indenture Trustee at your earliest possible convenience.**

Receipt of this notice should not be construed as evidence or acknowledgment of any requirement applicable to, or of any right or authority on the part of any recipient under the Indenture to direct, the matters addressed herein, or of any obligations on the part of the Indenture Trustee with respect thereto, and the Indenture Trustee expressly reserves all rights in determining appropriate actions and requirements concerning these matters.

Prior to any distribution to Noteholders, funds held under the Indenture may be used first for payment of the fees and costs incurred or to be incurred by the Indenture Trustee in performing its duties, as well as for any indemnities owing or to become owing to the Indenture Trustee. These include, but are not limited to, compensation for time spent, and the fees and costs of counsel and other agents employed, to respond to the ADR Notice and otherwise to pursue remedies, defend claims, or take other actions to protect the interests of the Noteholders and the Issuer, respectively.

The Indenture Trustee reserves all rights under the Indenture. Please be aware that the Indenture Trustee may conclude that a specific response to particular inquiries from individual Noteholders is not consistent with equal and full dissemination of information to all Noteholders. Noteholders should not rely on the Indenture Trustee as their sole source of information. The Indenture Trustee makes no recommendations, gives no investment, legal or tax advice. Each Noteholder should seek advice from an independent advisor based on such Noteholder's particular circumstances.

U.S. Bank National Association,  
as Indenture Trustee

**CERTIFICATION OF BENEFICIAL OWNERSHIP OF**

**SGS HY Credit Fund I (Exum Ridge 2006-3), Ltd.**

**NOTES**

**Complete and sign (with signature guarantee) Section A and Section B and return to:**

U.S. Bank National Association at  
One Federal Street, 3<sup>rd</sup> Floor  
Boston, Massachusetts 02110  
Attention: Donald Higgins  
tel.: (617) 603-6717, facsimile: (866) 592-7151, or  
e-mail: donald.higgins@usbank.com

**Capitalized terms have the meanings given to them in the Indenture for the above-referenced securities, more particularly identified below.**

**A. EXECUTION BY BENEFICIAL OWNER**

The undersigned beneficial owner hereby represents and warrants that it is a beneficial owner of the Notes described below and is duly authorized to deliver this Certification to the Trustee, and that such power has not been granted or assigned to any other Person.

Name of Beneficial Owner: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person Name: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

Custodian/DTC Participant Name: \_\_\_\_\_

DTC Participant No.: \_\_\_\_\_

Note and/or Class	Cusip	Original Principal Amount Held

**The Trustee is hereby authorized to disclose to other Noteholders or beneficial owners, the other transaction parties in the SGS HY Credit Fund I (Exum Ridge 2006-3), Ltd. transaction, and any**

court in which a related legal proceeding may be commenced, the existence, but not the amounts, of the undersigned's holdings in the Notes.

[PLEASE CHECK ONE:] Yes: \_\_\_\_\_; No: \_\_\_\_\_.

Signature<sup>1</sup>: \_\_\_\_\_

(Print Name of Authorized Signatory): \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*Signature Guaranteed:*

\_\_\_\_\_  
*Participant in a Recognized*

*Signature Guarantee Medallion*

*Program*

**B. EXECUTION BY NOMINEE OR INTERMEDIARY/ADVISOR**

The undersigned hereby represents and warrants that it is the nominee or intermediary/advisor for the beneficial owner indicated below with respect to the Note position described below, and that such beneficial owner has granted to the undersigned the power and authority to deliver this Certification to the Trustee on behalf of such beneficial owner, and that such power has not been granted or assigned to any other Person.

Name of Nominee or Intermediary/Advisor: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person Name: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

Name of Beneficial Owner(s): \_\_\_\_\_

Class and CUSIP No. of Notes Owned: \_\_\_\_\_

DTC Participant Name: \_\_\_\_\_

DTC Participant No.: \_\_\_\_\_

Note and/or Class	Cusip	Original Principal Amount Held

<sup>1</sup> The execution of this Certification should be confirmed by a signature guarantee by a recognized participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program, the Stock Exchange Medallion Program or another similar medallion stamp signature guarantee program acceptable to the Trustee.

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**The Trustee is hereby authorized to disclose to other Noteholders or beneficial owners, the other transaction parties in the SGS HY Credit Fund I (Exum Ridge 2006-3), Ltd. transaction, and any court in which a related legal proceeding may be commenced, the existence, but not the amounts, of the undersigned's holdings in the Notes.**

**[PLEASE CHECK ONE:] Yes:\_\_\_\_\_; No:\_\_\_\_\_.**

Signature<sup>2</sup>:\_\_\_\_\_

(Print Name of Authorized Signatory):\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

*Signature Guaranteed:*

\_\_\_\_\_  
*Participant in a Recognized*

*Signature Guarantee Medallion*

*Program*

EXHIBIT B

Redacted in its  
entirety

EXHIBIT C

Redacted in its  
entirety



**EXHIBIT D**

**CUSIPs**

**SGS HY CREDIT FUND I (EXUM RIDGE CBO 2006-3), LTD**

<b><u>Security</u></b>	<b><u>CUSIP</u></b>
<b>Class A Notes</b>	
Class A Rule 144A Certificated Note	30232BAA0
Class A Regulation S Certificated Note	G32864AA1
<b>Class X Notes</b>	
Class X Rule 144A Certificated Note	30232BAB8
Class X Regulation S Certificated Note	G32864AB9
<b>Class B Notes</b>	
Class B Rule 144A Certificated Note	30232BAC6
Class B Regulation S Certificated Note	G32864AC7
<b>Class C Notes</b>	
Class C Rule 144A Global Note	30232BAD4
Class C Regulation S Global Note	G32864AD5
Class C Certificated Notes	30232BAF9
<b>Class D Notes</b>	
Class D Rule 144A Global Note	30232BAE2
Class D Regulation S Global Note	G32864AE3
Class D Certificated Note	30232BAG7
<b>Class E-1 Notes</b>	
Class E-1 Rule 144A Global Note	30232MAA6
Class E-1 Regulation S Global Note	G32863AA3
Class E-1 Certificated Note	30232MAC2
<b>Class E-2 Notes</b>	
Class E-2 Rule 144A Global Note	30232MAB4
Class E-2 Regulation S Global Note	G32863AB1
Class E-2 Certificated Note	30232MAD0
<b>P-1 Preference Shares</b>	
Certificated U.S. P-1 Preference Shares	30232M207
Regulation S Global P-1 Preference Shares	G32863105
<b>P-2 Preference Shares</b>	
Certificated U.S. P-2 Preference Shares	30232M405
Regulation S Global P-2 Preference Shares	G32863204

The above CUSIP numbers are included solely for the convenience of the Noteholders. The Trustee is not responsible for the selection or use of the CUSIP numbers, or for the accuracy or correctness of CUSIP numbers printed on the Notes or as indicated in this notice.